



Joan McDonald  
Commissioner



State of Connecticut  
Department of Economic and  
Community Development

## ***TESTIMONY SUBMITTED TO THE LABOR COMMITTEE***

*February 10, 2009*

*Joan McDonald, Commissioner  
Department of Economic and Community Development*

### ***SB 711 AN ACT CONCERNING ELIMINATION OF ECONOMIC DEVELOPMENT FUNDS FOR COMPANIES THAT REDUCE RETIREMENT BENEFITS***

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The Department of Economic and Community Development (DECD) offers the following information concerning *SB 711 AN ACT CONCERNING ELIMINATION OF ECONOMIC DEVELOPMENT FUNDS FOR COMPANIES THAT REDUCE RETIREMENT BENEFITS*.

The department believes that this bill will make Connecticut a less attractive environment in which to do business. Connecticut already ranks among the top states for the cost of health care, utility rates, and taxes. Companies will not be willing to do business with the state, especially since they are unable to predict what the future holds for their business, industry or the economy. Businesses tend to look for consistency in order to plan. Even proposing legislation such as this bill, directly impacts job creation decisions that companies will ultimately make.

Recent reports indicated that a record 13,456 Connecticut businesses closed last year as the nation's financial crisis worsened. This is one of the many reasons why we cannot add any more administrative burdens that would put Connecticut in the position of being business unfriendly such as proposed under SB 711.

The department would also raise the following issues/concerns with regard to the bill as it is currently written:

- 1) How will the program be monitored?
- 2) What would constitute "financial assistance" and does this include job-training programs?
- 3) It is very likely that the cost of compliance for both DECD and the client (businesses) will increase.
- 4) What happens if a company is hit by financial troubles due to increased competition or economic downturn?
- 5) The potential impact of this legislation could result in layoffs or companies moving to a more competitive environment out of state.
- 6) Tax Abatements are administered through the Department of Revenue Services and the local municipal tax collector.

While the department understands the intent of this proposal, we would respectfully point out that these measures will have a cost, and because of that additional cost, businesses are less likely to come to Connecticut for assistance. In addition, this proposal increases the chances that businesses would be more likely to default when they do accept state assistance because it does not allow for flexibility.

We would urge the committee to not take favorable action on this proposal in order to keep the state competitive during these uncertain economic times.